

## **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 16 prominent organizations from across the province,<sup>1</sup> is calling on the Alberta Government to establish a 50 cent per litre levy on sugary drinks in Alberta. An update from July 2015, this submission provides an overview of the negative impacts of sugary drinks and the potential benefits of a sugary drink 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, energy drinks and sweetened tea and coffee beverages (1, 2). According to 2014-2015 self-reported data from the Alberta Community Health Survey, among the adult population in Alberta, daily consumption of sweetened coffee and/or tea beverages was 12.7% and consumption of soda drinks was 10.9% (3). This survey also found that male's consumption of soda drinks (14.7%) was twice that of females (7.3%) (3).

High consumption of sugary drinks, particularly among children, presents a significant health risk to the Alberta population. Guidelines from the World Health Organization 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) (4). One 330 ml can of pop typically contains 35g of sugar (5).

### *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 (6-11). Globally, it has been estimated that 184,000 deaths each year are attributed to sugary drink consumption, including 6,450 from cancer, 45,000 from cardiovascular diseases and 133,000 from diabetes (12).

The treatment and management of chronic disease, in turn, has a significant impact on the economy and healthcare system in Alberta. In 2016, the Alberta Government is estimated to have spent \$6,955 per capita on health (13), a large portion of which is spent on treating and managing chronic conditions (14).

### *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 (15, 16).

**The Government of Alberta has an opportunity to be a leader among Canadian jurisdictions by establishing a 50-cent per litre levy on sugary drinks, a portion of which should be invested in health promotion initiatives.**

A levy on sugary drinks has been endorsed by Canadian researchers (15, 16), as well as prominent organizations, such as the World Health Organization, Chronic Disease Prevention Alliance of Canada (CDPAC), Dietitians of Canada, Heart and Stroke, Canadian Diabetes Association, Quebec Weight Coalition, Childhood Obesity Foundation and the British Columbia Healthy Living Alliance (17-24).

Different taxation models exist for a levy on sugary drinks, including sales taxes, excise taxes and special taxes. As Le Bodo and colleagues outline, sales taxes are applied as a percentage of the product's price and are reflected at the cash register, while excise taxes tend to be levied on the manufacturer as a fixed amount per volume (22). Implementation of a special tax (% of product price or per volume) at the retail level, similar to certain tobacco and alcohol special tax models, represents an additional policy option (22).

Per volume taxes have a number of benefits over those applied as a percentage of the product price; their impact does not fluctuate with price, they are easier to administer because the tax is based on volume and are less susceptible to industry manipulation (22, 25). It is also important to note that while many organizations have recommended the implementation of an excise tax federally, a special tax may be more feasible at the provincial level (22).

*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** (9, 15, 16, 26-28). Economic models suggest that when the price of sugary drinks increases by 10%, consumption of sugary drinks decreases by 12-13% (29). A levy may also increase the purchase of healthier untaxed products. Findings from Mexico illustrate that, as a result of the 1 peso per liter excise SSB tax, in 2014-2015 per capita sales of sugary drinks decreased by 7.3% and sales of plain water increased by 5.2% compared to the pre-tax period (2007-2013) (30). Further, a study exploring the short-term impacts of the Berkley soda tax found that, in low-income neighbourhoods, SSB consumption declined by 21% over a 1-year period from before the tax to after the tax (31).

**In addition to positive impacts on consumption, a levy on sugary drinks is likely to generate significant revenue.** According to the CHOICES project at the Harvard T.H. Chan School of Public Health, a \$0.01/ounce excise tax in 15 American cities could raise over \$600 million in the first year of implementation, as well as prevent 115,000 cases of childhood and adult obesity in 2015 (32). University of Alberta researchers estimate that a national 50 cent per litre levy in Canada could generate up to \$1.8 billion each year (15, 16). 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 (33). However, experts have not found robust empirical evidence of this (33, 34). 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 (33).

### *Investments in 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 health promotion initiatives.** Over time, investing in prevention will contribute to direct financial gain for government by helping to reduce future health-care costs. Evidence suggests that a \$1 investment in health promotion can be expected to result in a minimum of \$4-5 cost savings (35).

### *The Public Supports Action on Sugary Drinks*

Public opinion polling indicates that there is support for action on sugary drinks. According to a 2013 Ipsos 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 (36). Further, a 2016 survey administered to 1,200 people in Alberta found that the majority of respondents (58%) would support a tax on soft drinks and energy drinks (37).

### *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 August 2016, the mark-up of spirits (less than or equal to 22%) was \$10.36 per litre (38).

Global momentum around sugary drink taxation is building and many jurisdictions around the world, including Finland, France, Hungary, Mexico, the Cook Islands, St. Helena, India, Chile, Belgium, and the American cities of Berkley and Philadelphia, have already implemented some form of SSB tax (22, 39). With this in mind, the Government of Alberta should consider policy lessons from jurisdictions around the world who have taken action on sugary drinks.

### *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 among Canadian jurisdictions by establishing a levy on sugary drinks. In addition to reducing consumption of these harmful beverages, a levy on sugary drinks could generate significant revenue for the province.** To maximize the effectiveness of a sugary drinks levy, the Coalition recommends that a portion of the revenue be invested in health promotion initiatives to keep Albertans healthy and out of the hospital.

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<sup>i</sup> Our members include:

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Alberta Centre for Active Living  
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Canadian Cancer Society, AB/NWT Division  
Canadian Diabetes Association  
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