The true price of sugar-sweetened disease: political inertia requires renewed, strategic action

Australia can no longer afford to wait for a tax on sugar-sweetened beverages

Excess free sugars are a major contributor to diet-related diseases, including obesity, type 2 diabetes and tooth decay. Sugar-sweetened beverages (SSBs) provide a significant source of free sugars while offering no other nutritional benefit, making them a reasonable target for public health action. Governments worldwide are drawing on growing evidence to implement effective pricing policies for SSBs as one cornerstone of a comprehensive policy response.

In 2017, Colagiuri made a compelling case for stronger regulatory action to improve Australian diets and why a tax on SSBs deserved priority attention. In this article, we update progress, arguing that continuing political inertia requires renewed, strategic action to leverage growing public and expert support. It is time the price of SSBs at the register more accurately reflected the true cost of their consumption on Australia’s health and economy.

Global dominoes falling

By early 2018, 30 countries, the Spanish Catalan region and seven cities in the United States had adopted SSB taxes, with recent additions including Thailand, Estonia, the Philippines and South Africa. A large proportion were implemented by governments at the conservative end of the political spectrum.

While implementation remains relatively recent, the global mandate for action was bolstered in 2017 by the World Health Assembly endorsement of an updated list of recommended “best buy” policies for preventing non-communicable diseases. Effective taxation of SSBs now appears in this list, recognising there is now sufficient evidence that the measures are working as intended to reduce purchasing and consumption to support further uptake. The recommendation is to raise retail prices by 20% or more (www.who.int/dietphysicalactivity/publications/fiscal-policies-diet-prevention/en).

In addition to growing evidence of reduced purchasing in jurisdictions including Mexico and Berkeley, US, detailed by Backholer and colleagues, new evidence from Mexico suggested that, contrary to industry claims, the measure had not had any associated adverse employment effects. A concurrent increase in industry-funded reports reminded governments to pair implementation with robust independent evaluation and to remain vigilant to policy interference by conflicted interests.

Beyond evidence of individual behaviour change, taxes coming into force in April 2018 in the United Kingdom and Ireland revealed potential of a tiered design to stimulate manufacturers to cut the sugar content of popular drinks. Resulting improvements to the food supply promise population-wide health benefits, even among consumers whose purchases remain unmoved by any price increase.

Costs adding up in Australia

Two-thirds of adults and one-quarter of Australian children are overweight or obese, with higher rates in low socio-economic, rural and Indigenous populations. In 2017, work from the Australian Institute of Health and Welfare highlighted the alarming rate of increase in childhood obesity. Australians are now much more likely to be obese than their parents were at the same age. At age 2–5 years, 8.8% of children in 2014–2015 were obese, compared with 4.2% two decades earlier. Citing previous estimates of $8.6 billion annually, the report suggests more obesity-related chronic conditions at younger ages will likely bring cascading increases in health care costs.

Beyond waistlines, the impact of SSBs remains most visible in their contribution to oral disease and tooth decay. In 2010, 55% of 6-year-olds had experienced decay in their deciduous teeth and 48% of 12-year-olds in their permanent teeth. Poor oral health is costly: there are over 63 000 preventable hospitalisations annually, on top of $8.7 billion reportedly spent on dental services, much of it directly from the pockets of individuals receiving treatment.

In the quest for cost-effective policies, new Australian research explored potential benefits of combinations of price increases and subsidies, and showed the value of effective SSB taxation not only on improved health outcomes and reduced health care costs but also in productivity gains in both the paid and unpaid sectors of the economy. A 20% price increase on SSBs was forecast to generate $640 million annually in tax revenue, with mean lifetime health care cost savings of $1.7 billion.

Increasing visibility of the influences at play

In October 2017, over 30 community, public health, medical and academic groups called for federal action. Their Tipping the scales consensus report contained eight evidence-based actions for Australia to tackle obesity,
including restrictions on marketing to children, improved food labels and a health levy on SSBs. The Australian Medical Association launched a similarly comprehensive nutrition plan in January 2018, stating that a tax on SSBs should be introduced as a matter of priority. The political response recognised that obesity is Australia’s “next big challenge”, while maintaining disinterest in the requested tax.

Public reasons for the rebuke cited individual responsibility for diets, while evidence of additional barriers emerged elsewhere. A leaked Australian Beverage Council report revealed significant resources devoted to keeping taxes off the policy table. It named key politicians successfully lobbied, citing support subsequently received.

Meanwhile, public interest in action on sugar showed no sign of abating. The New Year’s editorial in Fairfax newspapers declared to campaign for an SSB tax in 2018. The move presents further opportunity to raise public awareness of health harms and accelerate denormalisation of SSBs. Responses rippled elsewhere, including through AMP’s listing of sugar as a “prominent investment risk” and in removal of SSBs from all health facilities in New South Wales and even in Bundaberg, Queensland.

In a politically pertinent result, a January 2018 poll found the majority of Australians — including 57% of conservative voters — already support a tax on SSBs.

Call for unity, pragmatism

The Tipping the scales report requires comprehensive policies, ideally synergised within a national nutrition plan. While acknowledging this aspiration, presenting politicians with a menu has resulted in a selection of softer policy options, typically reliant on personal responsibility and engagement with industry. Existing efforts — including the Health Star Rating System and the Healthy Food Partnership — warrant recognition, but in a voluntary form and with meagre investment they are unlikely to drive the changes needed.

No single policy is a silver bullet for obesity, but unprecedented citizen interest in SSBs creates a critical policy window for public health gain. With disciplined unity, this revenue-generating approach could also unlock urgently needed funds for other health priorities.

Framing is key

We need to look no further than political rhetoric to understand that policies portrayed as government interference in personal choice are unlikely to gain political favour. As the beverage industry so effectively indicates: how a product is marketed defines its saleability. Smart public policy will not sell if depicted as a punitive imposition by a meddling state.

A small charge on producers and importers of SSBs dependent on sugar content — such as that imposed by the UK’s Soft Drinks Industry Levy — might, however, be more palatable. In the UK, revenue raised goes to sports facilities and healthy school breakfast clubs as part of a broader framework for action on childhood obesity. The measure offers inspiration for similarly astute policy design locally.

As in Mexico, media surrounding the new levy highlights the importance of strategic engagement with communication and media experts to frame policies in a way that raises awareness of policy benefits to build public support. Consistent and coordinated messages from trusted voices, including public interest organisations and high profile individuals such as Jamie Oliver in the UK, appear key to translating scientific evidence into policy action for public good.

Policy equals politics

We exist in a new era of health policy making. The vectors of disease are now less likely mosquitoes and more likely unhealthy products that drive the profits of powerful corporations.

Success will not be achieved by health experts pleading their case to health policy makers alone. Effective policy must take political economy into account. Decision makers in the agriculture and finance sectors have their own agendas and responsibilities, requiring input on effective policy design, administrative procedures and any likely impact on employment, industry and livelihoods.

Preliminary insights are available: we know Australia’s goods and services tax provides existing administrative machinery for collecting food and beverage taxes. We also know 80—85% of domestic sugar production is exported, potentially mitigating local policy impacts. Sugar used domestically — reportedly generating $0.5 billion — is grown in both Queensland and NSW. At the same time, the complexity of interests involved in current sugar pricing is highlighted by Queensland Sugar’s recent re-regulation and receipt of charity status, a step the government’s Productivity Commission called “a major step backwards … [that] should be removed”. Deepening our understanding of this critical contextual background will improve our ability to navigate the corporate and political environment in which health policy is now made.

Business (not) as usual

Despite few positive signals from Australian politicians, the past months saw an encouraging groundswell of public interest in action on sugar, and particularly SSBs. As a federal election looms, now is the moment for coordinated, strategic and innovative action from a unified, agile collective committed to improving Australia’s health.

With the true costs mounting, the science in our favour, the public on side, and a growing chorus of global action, 2018 can and must be the historic year Australia puts people before profits. It is time we adopted a tax on SSBs.

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